

AHERF**Allegheny Health, Education and
Research Foundation***D.L. Clark Building, 4th Floor
Pittsburgh, Pennsylvania 15212***Memorandum**

TO: Distribution

FROM: Daniel J. Cancelmi
Senior Director, Financial Services */dk*

DATE: May 22, 1997

SUBJECT: Graduate System Restructuring Reserves

As a result of various items identified during the due diligence process, certain restructuring reserves have been recorded on the Graduate hospitals financial statements prior and subsequent to the hospitals being acquired by SDN. These reserves have been classified as "below-the-line" expenses on the income statement. With the recent integration of the Graduate hospitals into the AHERF system on May 1, 1997, all of the reserves were recorded prior to May 1, 1997. Accordingly, since the SDN financial statements are not consolidated into AHERF's financials, AHERF's fiscal 1997 operating results will not be adversely impacted by these reserves.

Since the reserves have been recorded at various times (i.e., before and after being acquired by SDN), the attachment to this memorandum summarizes all the reserves that have been recorded on the income statement, which may have to be explained to an outside party at some point. The following is a brief summary by hospital of the reserves before and after being acquired by SDN:

	Expense/(Income) (\$ in 000s)					
	<u>Graduate</u>	<u>Mt. Sinai</u>	<u>Rancocas</u>	<u>City Avenue</u>	<u>Parkview</u>	<u>Total</u>
Before SDN acquisition date	\$ 8,267	\$ ---	\$(3,273)	\$ 960	\$ 518	\$ 6,472
After SDN acquisition date	<u>20,584</u>	<u>4,275</u>	<u>2,979</u>	<u>4,353</u>	<u>8,803</u>	<u>40,994</u>
	<u>\$28,851</u>	<u>\$4,275</u>	<u>\$ (294)</u>	<u>\$5,313</u>	<u>\$9,321</u>	<u>\$47,466</u>



DBR-RS-0286

May 21, 1997

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In addition to the reserves recorded on the income statement outlined above, certain reserves have been recorded as part of the purchase price allocation, which are not reflected on the income statement. Rather, these reserves have been capitalized on the balance sheet as an intangible asset, which will be amortized over 35 years. This accounting treatment has been discussed with Coopers & Lybrand who agrees with this approach as these reserves are viewed as unrecorded preacquisition contingencies. A summary of the reserves capitalized as an intangible asset follows:

	(\$ in 000s)					
	<u>Graduate</u>	<u>Mt. Sinai</u>	<u>Rancocas</u>	<u>City Avenue</u>	<u>Parkview</u>	<u>Total</u>
Accruals for the existing AHERF Delaware Valley hospitals bad debt reserves	\$ 20,000	\$5,000	\$9,000	\$8,000	\$8,000	\$50,000
Estimated loss on planned sale of Mt. Sinai	---	5,000	---	---	---	5,000
Estimated loss on planned sale of the Zurbrugg facility	<u>---</u>	<u>---</u>	<u>5,000</u>	<u>---</u>	<u>---</u>	<u>5,000</u>
	<u>\$20,000</u>	<u>\$10,000</u>	<u>\$14,000</u>	<u>\$8,000</u>	<u>\$8,000</u>	<u>\$60,000</u>

If there are any questions or additional information is needed, please contact me at your convenience.

DJC/jaf

s:\jodie\wp\data\gradrsc.mem

Attachment

Distribution:

Al Adamczak
Tom Heron
Chuck Lisman
Neil Lubarsky
Jack Lydon
David McConnell
Joe Monkoski
Chuck Morrison
Joe Scharf
Steve Spargo

Graduate System Restructuring

<u>Month</u>	<u>Description</u>	<u>Graduate</u>	<u>Mt. Sinai</u>	<u>Rancocas</u>	<u>City Line</u>	<u>Parkview</u>	<u>Total</u>
09/96	Write-off patient accts > 180 days	3,000,000					3,000,000
09/96	Write-off physician receivables	784,626			82,713		867,339
09/96	Write-off insurance receivables	400,000					400,000
09/96	Write-off Dr. MacVaugh receivables	299,645					299,645
09/96	Reserve for physician billing receivables	234,255					234,255
09/96	Cardiology residency billings	118,643					118,643
09/96	Write-off Blackwell Health Center A/R	60,000					60,000
09/96	NIH potential payback	400,000					400,000
09/96	Inventory reserve (10%)	470,000					470,000
09/96	Prudent Buyer/CRA reserve	2,500,000					2,500,000
09/96	Keystone withhold					37,604	37,604
09/96	HSI 10 year amortization				41,667	12,500	54,167
09/96	Health Partners 1997 deficit				300,271	321,876	622,147
09/96	Vanguard write-off					11,669	11,669
09/96	Write-off prepaids <\$5,000				32,533	24,722	57,255
09/96	Organizational costs				163,889	109,259	273,148
09/96	OHS receivable				150,000		150,000
09/96	Various account balances				87,094		87,094
09/96	College receivables				102,467		102,467
12/96	Write-up Zurbrugg facility			(3,273,220)			(3,273,220)
							0
	Total Pre-Acquisition Restructuring	8,267,169	0	(3,273,220)	960,634	517,630	6,472,213
11/96	Write-off physician receivables	18,259					18,259
12/96	Medicare billing reserve		450,000				450,000
12/96	Prudent Buyer/CRA reserve	2,500,000					2,500,000
12/96	Prudent Buyer/CRA (\$167 x 3 mo.) (Apr-Jun)	500,000					500,000
2/96	Hill Burton reserve	1,500,000					1,500,000
12/96	PFMA (Police & Fire) 06/95 - 11/95	1,950,000				1,950,000	3,900,000
12/96	PFMA (Police & Fire) 12/95 - 05/96	1,600,000				1,600,000	3,200,000
12/96	PFMA (Police & Fire) 06/96 - 11/96	1,750,000				1,750,000	3,500,000
12/96	PFMA (Police & Fire) 12/96 - 06/97 est.	1,750,000				1,750,000	3,500,000
12/96	Pension plan (underfunded Graduate plan)	1,000,000	300,000				1,300,000
12/96	Malpractice insurance	1,000,000	1,100,000		1,200,000	500,000	3,800,000
12/96	NIH potential payback	500,000					500,000
12/96	Severance payments	2,015,299					2,015,299
12/96	Due diligence costs	900,000	150,000	600,000	600,000	600,000	2,850,000
01/97	Pension plan (underfunded Graduate plan)			1,000,000			1,000,000
01/97	Medicare billing reserve		75,000				75,000
01/97	Pension plan - AHERF	1,100,000	200,000	900,000	400,000	500,000	3,100,000
01/97	Writeoff construction in progress balances			479,012			479,012
02/97	MA A/R reserve	1,500,000	2,000,000				3,500,000
02/97	Disposals from renovations				2,000,000		2,000,000
04/97	Duplicate resident counts	1,000,000			153,000	153,000	1,306,000
	Total Post-Acquisition Restructuring	20,583,568	4,275,000	2,979,012	4,353,000	8,803,000	40,993,570
	GRAND TOTAL	28,850,727	4,275,000	(294,208)	5,313,634	9,320,630	47,465,783

EXHIBIT 0164

To: Adam
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AHERF

*Allegheny Health, Education and
Research Foundation*

*D.L. Clark Building, 4th Floor
Pittsburgh, Pennsylvania 15212*

Memorandum

TO: Al Adamczak
Vice President, Financial Services

FROM: Daniel J. Cancelmi
Senior Director, Corporate Accounting and Financial Reporting */de*

DATE: July 3, 1997

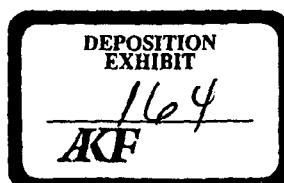
SUBJECT: Delaware Valley Bad Debt Reserves

In my memorandum dated September 24, 1996, the status of the bad debt reserve balances was discussed (refer to Attachment A). At that time, old account balances of approximately \$81 million were identified for possible writeoff against the reserve balances. The aging categories earmarked for possible writeoff were as follows:

<u>Entity</u>	<u>Aging Category</u>	<u>(\$ in 000s)</u>	
Hahnemann	+ 365 days	\$21,513	
	271 - 365 days	<u>7,050</u>	28,563
MCPH	+ 365 days	9,940	
	211 - 365 days	<u>6,927</u>	16,867
St. Christopher's	All PATCOM Accounts		18,329
Elkins	All PATCOM Accounts		9,690
Bucks	All PATCOM Accounts		<u>8,003</u>
			<u>\$81,452</u>

As can be seen from the above aging categories, only rather old balances were identified for possible writeoff. No amounts were assigned for any account balances that were more current.

Based on the reserves that were available at that point in time, it was determined that sufficient reserves were available to cover the \$81 million of accounts if they had to be written off. However, the memorandum indicated that if all \$81 million of reserves were used, we would be left with essentially zero bad debt reserves balances, which obviously would create a shortfall since the \$81 million only included older account balances.



DBR-RS-0290

Al Adamczak
 July 3, 1997
 Page 2

As you are aware, throughout fiscal 1997, all PATCOM account balances and other past statute accounts of approximately \$80 million have been written off by Patient Accounting personnel. These accounts have been written off against the bad debt reserve accounts by General Accounting personnel so that the fiscal 1997 operating results would not be negatively impacted.

Subsequent to the decision being made to begin writing off \$80 million of accounts (\$20 million per quarter), a bad debt reserve methodology was developed for the Delaware Valley hospitals in order to promote consistency among the hospitals' reserve calculations. However, the required expense levels suggested by the reserve calculations (which approximated expense levels if calculated under the old reserve methods) were never recorded due to profitability concerns. Rather, bad debt expense was recorded at the budgeted amounts on a monthly basis. Due to the continued deterioration of the aging categories and the consumption of the existing bad debt reserve balances to cover the \$80 million of writeoffs, bad debt shortfalls were created and continued to grow throughout fiscal 1997.

In an effort to alleviate the bad debt shortfalls, Graduate reserves of \$50 million were transferred to the Delaware Valley hospitals. Despite the transfers of these reserves, a shortfall of approximately \$25 million still existed as of May 31, 1997 as documented in my memorandum dated June 20, 1997 (refer to Attachment B). Since a shortfall still exists questions have arisen as to why a shortfall still prevails if \$50 million of Graduate reserves have been transferred. The primary reasons can be summarized as follows:

- ♦ The level of bad debt expense (\$32.7 million) and recoveries (\$3.7 million) recorded throughout fiscal 1997 (\$36.4 million in total) have only been sufficient enough to cover accounts written off to bad debts during fiscal 1997 by Patient Accounting (\$36.1 million - this amount is over and above the \$80 million of past statute and PATCOM accounts that have been written off).
- ♦ Despite the writeoff of \$80 million of past statute and PATCOM - type accounts and \$36 million of other bad debt writeoffs, the required bad debt reserve balances per the calculations indicate reserves of \$67.6 million are still needed at May 31, 1997.
- ♦ Unsubstantiated patient reserve adjustments of \$10.8 million were recorded by General Accounting personnel in September 1996 to enhance operating results. When these adjustments could not be substantiated, General Accounting covered these adjustments with bad debt reserves.

An assessment of the total Delaware Valley fiscal 1997 allowance follows:

	(\$ in 000s)
Fiscal 1997 bad debt expense	\$32,663
Fiscal 1997 bad debt recoveries	3,679
Fiscal 1997 bad debt writeoffs	(36,094)
Net increase/(decrease) in reserves	248
Required reserves @ 5/31/97 per reserve calculations	67,857
Shortfall	(67,609)
Graduate reserves	50,000
General Accounting reserve adjustments	(10,752)
Adjusted Shortfall	\$(28,361)

Refer to Attachment C for further analysis of this information by respective hospital.

Al Adamczak
July 3, 1997
Page 3

Attachment D to this memorandum further analyzes the bad debt reserve position as of June 30, 1996 rolled forward for fiscal 1997 activity through May 31, 1997.

Given the fact that a shortfall of approximately \$25 million still exists of May 31, 1997, a proposal has been advanced to utilize various reserves in June 1997 to cover the shortfall. Assuming acceptance of such proposal, June 30, 1997 bad debt allowances will be supported by consistent detail calculations and no shortfall will be carried forward into fiscal 1998. In tandem with these proposed reserve transfers, I am proposing that we begin recording bad debt expense in June 1997 based on the reserve calculations instead of recording budgeted bad debt expense.

If you have any questions or need additional information, please contact me at your convenience.

Attachments

DJC/jaf
s/jodie/wp/dan/memos-as/dv-bddbt.mem

cc: David McConnell
Joe Dionisio
Chuck Morrison
Greg Snow

DBR-RS-0292

AHERF

*Allegheny Health, Education and
Research Foundation*

*D.L. Clark Building, 4th Floor
Pittsburgh, Pennsylvania 15212*

Memorandum

TO: Stephen H. Spargo
Senior Vice President, Corporate Support Services

FROM: Daniel J. Cancelmi
Senior Director, Financial Services */DC*

DATE: September 24, 1996

SUBJECT: Delaware Valley Accounts Receivable Reserves

In my memorandum dated September 20, 1996, the status of the Delaware Valley aging categories was discussed. In short, since the aging categories continue to deteriorate, the monthly financial statement results continue to be burdened with levels of bad debt expense which exceed budgeted amounts. Accordingly, we are continually faced with attempting to explain negative bad debt variances to operating unit personnel, which create a distraction for the operating units to focus on. For obvious selfish reasons, we in Finance may want to reconsider our accounting treatment for addressing uncollectible accounts.

I believe it is fair to state that there is a pool of old receivables that we will not be able to collect. The questions that all of us have been struggling with is how much is the amount of bad accounts and can we afford to write the accounts off. For almost a year, we have bled the accounts off or suffered the consequences of deteriorating aging categories, which has served to impair operating results. In turn, Finance has had to react to a barrage of inquiries from operating unit personnel. Since their patience may be wearing thin, now may be the time to "bite the bullet" and write off accounts using existing bad debt reserves.

Certainly, upon the writeoff of the old accounts, our remaining reserves will be negligible. However, the strategy would be to build up the reserves over the remainder of fiscal 1997. Furthermore, for the foreseeable future, the operating units would not be burdened with the excess bad debt levels. Essentially, assuming the billing and collection processes function as designed, the aging categories should not deteriorate to the point where we have to deal with a problem of the magnitude created by the patient accounting consolidation and system conversions.

As we have discussed in recent days, several options have been advanced to dispose of the old accounts. Based on accounts receivable data as of August 31, 1996 and the associated reserves, the following analysis is one option we may want to pursue to eliminate the old accounts.

Stephen H. Spargo
September 24, 1996
Page 2

Refer to the following:

Proposed Inpatient and Outpatient Accounts to be Written Off:

<u>Entity</u>	<u>Aging Category</u>	<u>(\$ in 000s)</u>	
Center City Hospital	365+	\$21,513	
	271-365	<u>7,050</u>	28,563
East Falls Hospital	365+	9,940	
	211-365	<u>6,927</u>	16,867
All PATCOM Accounts:			
St. Christopher's	365+	10,260	
	<365	<u>8,069</u>	18,329
All PATCOM Accounts:			
Elkins Park Hospital	365+	5,547	
	<365	<u>4,143</u>	9,690
All PATCOM Accounts:			
Bucks County Hospital	365+	4,440	
	<365	<u>3,563</u>	<u>8,003</u>
Total Accounts to be Written Off			<u>\$81,452</u>

Existing Reserves to be Used to Cover Writeoffs:

♦	Bad debt reserves	Center City Hospital	\$29,922	
		East Falls Hospital	7,457	
		St. Christopher's	9,239	
		Elkins Park Hospital	3,707	
		Bucks County Hospital	<u>3,542</u>	53,867
♦	Other reserves segregated for bad debts @ 6/30/96			17,500
♦	AGH capitalized interest reserve			7,500
♦	Other reserves to be used			<u>2,585</u>
				<u>\$81,452</u>

If the above approach is taken, we would be left with zero bad debt reserves as of August 31, 1996. However, budgeted Delaware Valley bad debt expense for the remainder of fiscal 1997 is approximately \$29,700. Assuming any further writeoffs for the remainder of fiscal 1997 are not significant, we may be able to build the bad debt reserve back up in the \$25 - \$30 million range by June 30, 1997. Furthermore, any future collections on the accounts to be written off of \$81,452 would also increase our bad debt reserve as of June 30, 1997.

DBR-RS-0294

Stephen H. Spargo
September 24, 1996
Page 3

There are certainly other options that can be pursued. This is just one suggestion as to how we can put this problem behind us.

If you have any questions or need additional information, please contact me at your convenience.

DJC/jaf
s/jodie/wp/dan/memos-ss/dv-erro.men

DBR-RS-0295

Attachment 8**AHERF****Allegheny Health, Education and
Research Foundation****D.L. Clark Building, 4th Floor
Pittsburgh, Pennsylvania 15212****Memorandum**

TO: Charles P. Morrison
Senior Vice President, Chief Financial Officer - DV

FROM: Daniel J. Cancelmi
Senior Director, Financial Services */DC*

DATE: June 20, 1997

SUBJECT: Delaware Valley Bad Debt Reserve Shortfall

The following is a summary of the bad debt reserve shortfall as of May 31, 1997. It should be noted that the following estimated required bad debt reserve levels are predicated on the new reserve methodology that we have discussed in the past.

(\$ in 000s)

	Required Bad Debt Reserve As of May 31, 1997	Unadjusted General Ledger Bad Debt (Reserve) Debit	Unadjusted Shortfall	Graduate Reserves	Adjusted Shortfall As of May 31, 1997
Bucks County	\$ (4,592)	\$3,955	\$8,547	\$ (7,000)	\$1,547
Elkins Park	(14,424)	(3,631)	10,793	(8,000)	2,793
Hahnemann	(32,533)	(11,427)	21,106	(10,000)	11,106
MCP	(20,509)	582	21,091	(15,000)	6,091
St. Christopher's	(9,899)	3,647	13,546	(10,000)	3,546
	<u>\$ (81,957)</u>	<u>\$ (6,874)</u>	<u>\$75,083</u>	<u>\$ (50,000)</u>	<u>\$25,083</u>

If you have any questions or need additional information, please contact me at your convenience.

cc: David McConnell
Joe Dionisio
Al Adamczak
Greg Snow
Russ Laing
Chuck Lisman
Robin Schaffer

DBR-RS-0296

Attachment C

**Allegheny University Hospitals
and St. Christopher's Hospital for Children**

**Analysis of Current Year Bad Debt Allowance
(\$ in 000s)**

	A Current Year Bad Debt Expense	B Current Year Recoveries	C Current Year Writeoffs	(A+B+C=D) Net (Increase)/ Decrease in Reserve	E Required Reserves @ 5/31/97	(D-E=F) Current Year Shortfall	G Graduate Reserves	H General Accounting Revenue Adjustments	(F-G-H) Adjusted Current Year Shortfall
Allegheny University Hospitals:									
Hahnemann	(\$8,031)	(\$1,143)	\$9,185	\$11	(\$32,533)	\$32,544	(\$10,000)	\$6,782	\$29,326
MCP	(12,818)	(1,283)	16,988	2,887	(15,509)*	18,396	(15,000)	1,113	4,509
Elkins Park	(2,543)	(284)	2,320	(507)	(5,324)**	4,817	(8,000)	1,072	(2,111)
Bucks County	(2,973)	(315)	3,058	(230)	(4,592)	4,362	(7,000)	188	(2,450)
St. Christopher's Hospital for Children	(6,298)	(654)	4,543	(2,409)	(9,899)	7,490	(10,000)	1,597	(913)
Total	(\$32,663)	(\$3,679)	\$36,094	(\$248)	(\$67,857)	\$67,609	(\$50,000)	\$10,752	\$28,361

* Excludes \$5 million EPPI past statute writeoffs which will occur in June 1997

** Excludes Patcom past statute accounts receivable

DER-RS-0297

ATTACHMENT D

Allegheny University Hospitals
and St. Christopher's Hospital for ChildrenBad Debt Allowance Analysis
(\$ in 000s)

	Past Statute Accounts to be Written-off @ 6/30/96 *	Non Past Statute Accounts to be Reserved @ 6/30/96	Total Allowance Required @ 6/30/96	Actual Bad Debt Allowance @ 6/30/96	Bad Debt Allowance Deficiency @ 6/30/96
Hahnemann	\$18,590	\$23,653	\$40,243	\$34,810	\$5,433
MCP	11,978	11,302	23,280	10,396	12,884
Elkins Park	9,100	2,402	11,502	4,196	7,306
Bucks County	7,823	2,201	10,024	3,826	6,198
St. Christopher's Hospital for Children	16,367	5,644	22,011	11,908	10,103
	<u>\$61,858</u>	<u>\$45,202</u>	<u>\$107,060</u>	<u>\$65,136</u>	<u>\$41,924</u>

* Such amounts are net of related charge differentials

Analysis of Deficiency @ 5/31/97

	Actual Bad Debt Allowance @ 6/30/96	Actual Bad Debt Expense 11 mos ended 5/31/97	Actual Bad Debt Recoveries 11 mos ended 5/31/97	Reserved Transferred from Graduate entities	Total Bad Debt Allowance Before FY97 Write-off	Write-off of Past Statute Accounts	Write-off of Non Past Statute Accounts & Gen'l Acctg Rev Adj	Bad Debt Allowance @ 5/31/97	Total Allowance Required @ 5/31/97	Bad Debt Allowance Deficiency @ 5/31/97
Hahnemann	\$34,810	\$8,031	\$1,143	\$10,000	\$53,984	(\$16,590)	(\$15,967)	\$21,457	\$32,544	(\$11,087)
MCP	10,396	12,616	1,283	15,000	39,497	(11,978)	(18,101)	9,388	18,396	(9,008)
Elkins Park	4,196	2,543	284	8,000	15,023	(9,100)	(3,392)	2,531	4,617	(2,286)
Bucks County	3,826	2,973	315	7,000	14,114	(7,823)	(3,246)	3,045	4,362	(1,317)
St. Christopher's Hospital for Children	11,908	6,298	654	10,000	28,660	(16,367)	(5,140)	6,353	7,490	(1,137)
	<u>\$65,136</u>	<u>\$32,663</u>	<u>\$3,679</u>	<u>\$50,000</u>	<u>\$151,478</u>	<u>(\$61,856)</u>	<u>(\$46,846)</u>	<u>\$42,774</u>	<u>\$67,609</u>	<u>(\$24,835)</u>

Hydrex/7/15/98 and vol 4

DER-RS-0298

EXHIBIT 0193

Jack

Per discussion w/ Steve, \$1.6 million of

C Colbert net is to be capitalized as tort attorney

+ amortized over 5 yrs. Remaining ~~piece~~ piece expensed

to institutional cost ctr as salary. Please adj

in Feb close

Cal

DEPOSITION
EXHIBIT

193

AKF

[illegible]

Due Date 2/16/96

Reference (Optional) Further Credit: Acct. No. 84C18G65, Carol L. Calvert

See attached

Date _____

AHERF Consolidated

VIA FAX # 412-442-2290

2/16/96

To: Rich McKeown

From: Carol L. Calvert

This is to confirm my verbal direction to you authorizing the wire transfer of approximately \$1.9 million ^(taxable) to a Merrill Lynch Short Term Investment Fund on 2/16/96. I understand the only fee is \$100 to set up the new account.

Please call 663-5151 if you have any questions or need additional information.

Thank you, as always, for your help.

Carol L. Calvert.

PR-DLC-07-01897

AHERF

MELLON BANK

CURRENT DAY WIRES SENT DETAIL REPORT

AS OF FEB-16-96

TIME 16:00:30 EST
GREENWICH MEAN TIME 21:00:30

TODAY'S DATE FEB-16-96

ACCOUNT NUMBER 093-7768

----- DRAWDOWNS -----							
TRANSFER	MELLON	WIRE	NETWORK	TIME		INIT	RLSE
AMOUNT	REF NBR	TYPE	REF NBR	EXEC	RRN	ID	ID

TOTAL DRAWDOWNS

0.00

TOTAL WIRES

0

----- DEBITS -----

1,899,761.52	12192	BT		14:27		TMS	NJM
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CDT ACCT=1011730
CDT ACCT NAME=MERRILL LYNCH PIERCE FENNER
BNF=MERRILL LYNCH
BNF ACCT/ID=1011730
ORG=ALLEGHENY HEALTH EDUCATION &
OBI=FURTHER CREDIT: ACCOUNT #84C18G65, CAROL L. CALVERT

TOTAL WIRE DEBITS

1,899,761.52

TOTAL WIRES

1

PR-DLC-07-01898

EXHIBIT 0289

ALLEGHENY UNIV. HOSPITALS, BUCKS COUNTY
ACCOUNTS RECEIVABLE AGING - INPATIENT
(Bad Debt Calculations—New Methodology)
JUNE 30, 1997

AGED FROM FINAL BILL DATE													
REVENUE	FINAL BILLED	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+			
A MEDICAD	61,809	116,886	140,805	50,391	44,566	47,310	33,573	57,023	69,727	56,147	666,528		
B BLUE CROSS	16,422	75,810	16,400	28,469	11,238	3,560	16,775	25,742	4,020	(2,531)	180,881		
C COMMERCIAL	14,547	120,380	30,400	11,034	34,303	31,718	3,904	6,345	7,701	35,704	284,491		
D DIRECT CONTRACTING	0	21,425	0	9,698	3,520	658	0	22,152	10,766	11,908	80,035		
E CHARITY CARE	0	0	0	0	0	0	0	0	0	0	0		
F HMO (USHC/KHPE)	61,392	830,551	442,321	125,168	43,368	112,289	108,611	(21,681)	66,838	33,795	1,740,885		
G PATIENT CONTRACTS	20,085	0	0	0	0	0	535	922	350	8,005	20,085		
H MEDICARE	253,314	633,265	103,802	42,771	30,418	48,757	11,433	102,950	28,070	21,063	1,224,456		
I MANAGED MA	36,808	100,194	82,920	74,357	21,471	20,892	15,732	43,221	15,827	10,344	382,888		
J PRO-PREFERRED PROVIDER	92,392	148,484	96,210	39,289	28,288	6,895	44,042	21,433	38,177	23,544	447,151		
K SELF PAY	8,483	253,353	174,989	41,373	185,704	83,772	55,500	116,570	107,191	5,510	1,044,880		
L WORKERS COMP/NO FAULT	0	46,557	17,160	21,754	11,101	0	5,342	(843)	2,717	10,474	114,281		
TOTAL	536,177	2,554,885	1,155,017	442,212	424,899	368,687	307,284	377,032	353,084	214,861	5,186,651		

Agrees to the A/R aging without exception.
(NOTE: For Inhouse A/R, Inhouse & DNFB total should not be included to agree to the aging.)

Additional Reserve on Billed Commercial:

Total gross billed commercial: X
Estimated contractuals at payment
Additional reserve required

B Based upon historical data from Patient Accounting.



CL 013544.A

**ALLEGHENY UNIV. HOSPITALS, BUCKS COUNTY
INPATIENT BAD DEBT RESERVE CALCULATION
(Bad Debt Calculations—New Methodology)
JUNE 30, 1987**

CLASS	TOTAL	INHOUSE & ONFB (NET)	FINAL BILLED	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-355	356+
A MEDICAD	213,351	0	0	5,848	9,540	2,520	4,457	4,731	3,357	57,023	69,727	50,147
B BLUE CROSS	16,350	0	0	3,791	820	1,323	1,124	396	1,978	6,495	3,015	2,831
C COMMERCIAL***	47,119	0	0	4,815	1,218	2,744	4,441	2,538	312	1,869	4,921	28,563
D DIRECT CONTRACTING	27,489	0	0	1,071	0	490	352	66	0	5,538	8,075	11,906
F CHARITY CARE	0	0	0	0	0	0	0	0	0	0	0	0
H HMO	174,635	0	0	41,528	22,116	6,258	4,338	11,230	10,661	(5,470)	48,979	33,785
I PATIENT CONTRACTS	10,369	0	0	0	0	0	0	54	637	231	263	8,905
M MEDICARE	126,832	0	0	41,665	5,190	2,139	3,042	4,876	1,143	25,987	21,727	21,063
N MANAGED MA	52,098	0	0	5,408	4,140	3,718	2,147	2,086	1,573	10,805	11,970	10,344
P PPO-PREFERRED PROVIDER	80,386	0	0	7,423	4,911	1,964	2,930	669	4,404	5,358	29,382	24,344
U SELF PAY	641,872	4,747	0	126,681	87,489	20,689	88,352	46,888	27,750	116,570	107,181	5,510
W WORKERS COMPNO FAULT	18,218	0	0	2,328	859	1,088	1,110	0	534	(211)	2,038	10,474
REQUIRED RESERVE	1,408,740	4,747	0	240,559	138,186	40,818	120,495	73,531	52,950	224,135	307,888	207,721

*** Commercial reserve is calculated based on gross A/R less estimated contractual percentage (see gross A/R schedule.)

ALLEGHENY UNIV. HOSPITALS, BUCKS COUNTY OUTPATIENT AIR AGING - RECEIVABLES AT GROSS (Bad Debt Calculations-New Methodology) JUNE 30, 1997											
CLASS	TOTAL	AGED FROM LAST PAY DATE									
		0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	366+	
A MEDICAID	211,831	26,752	27,463	20,103	2,664	6,626	11,810	35,666	42,124	36,403	
B BLUE CROSS	451,793	174,757	55,509	41,193	43,255	27,653	12,118	39,705	20,536	38,927	
C COMMERCIAL	916,619	224,795	151,093	71,862	64,348	45,715	30,866	81,955	81,863	163,383	
D DIRECT CONTRACTING	55,777	4,948	916	4,804	937	361	1,866	8,117	17,061	17,076	
F CHARITY CARE	1,761	0	103	0	0	242	332	1,094	0	0	
H HMO	3,971,838	1,733,247	828,306	472,411	39,930	89,801	105,500	244,955	236,786	222,989	
HMO - BC	2,556	0	0	0	0	548	2,009	0	0	0	
HMO-42 - KIP	2,891,937	853,815	484,383	462,081	379,093	329,738	51,034	182,880	308,562	180,015	
I PATIENT CONTRACTS	35,195	7,855	5,234	1,314	4,263	2,086	3,483	4,144	3,260	3,556	
M MEDICARE	1,586,811	631,814	240,012	65,371	49,425	41,231	56,873	198,592	93,320	38,613	
N MEDICARE MA	465,885	81,746	71,092	41,291	55,627	29,385	18,622	45,731	44,979	68,561	
P PRO-REFERRED PROVIDER	286,120	150,551	20,113	40,388	22,785	(31,626)	(6,772)	43,921	(2,750)	64,570	
PS-42-BC	1,150,116	386,768	125,539	86,484	72,433	95,533	50,728	195,239	90,359	119,468	
PS-42-BC	2,415	0	0	0	0	0	0	0	0	0	
U SELF PAY	918,588	98,505	81,473	101,778	115,200	85,540	70,177	135,374	93,143	128,415	
W WORKERS COMPNO FAULT	808,263	187,215	110,215	70,808	65,772	31,586	40,270	81,406	135,878	246,022	
TOTAL	13,889,121	4,585,568	2,212,160	1,400,339	821,800	784,568	449,256	1,191,274	1,117,477	1,256,739	

NOTE:
HEREIN is contractualizing the payors that are not
contractualized at time of billing with this schedule.

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ALLECHEN UNIV. HOSPITALS, BUCKS COUNTY
OUTPATIENT AGING - NET OF ALLOWANCES
JUNE 30, 1987

CLASS	TOTAL	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
A MEDICAD	143,302	26,752	27,483	20,103	2,684	6,826	11,810	35,669	6,319	5,760
B BLUE CROSS	280,116	60,693	20,644	18,768	20,782	27,853	12,118	38,705	20,538	38,827
C COMMERCIAL	622,821	152,834	102,736	48,888	43,755	31,086	21,050	55,528	55,687	111,101
D DIRECT CONTRACTING	22,311	1,878	248	1,922	375	144	742	3,247	6,825	6,830
F CHARITY CARE	0	0	0	0	0	0	0	0	0	0
H MKO	3,971,836	1,733,247	828,309	472,411	38,930	88,891	105,500	244,855	236,795	222,889
H30 - BC	2,556	0	0	0	0	0	0	0	0	0
H38-42 - KHP	1,903,062	284,127	217,872	287,937	170,592	329,738	51,034	162,086	308,592	160,015
I PATIENT CONTRACTS	35,195	7,855	5,234	1,314	4,263	2,086	3,483	4,144	3,260	3,556
M MEDICARE	487,898	274,489	79,204	18,455	13,599	11,550	18,484	55,608	17,728	10,812
N MANAGED MA	485,895	91,748	71,092	41,241	58,927	29,385	18,822	45,731	44,678	68,561
P PPO-PREFERRED PROVIDER	256,120	150,851	20,113	40,358	29,785	(31,926)	(8,712)	43,621	(2,750)	14,970
P33-45 - BC	788,532	191,860	60,739	48,312	34,788	95,533	50,728	108,238	80,136	119,218
P51 - RHP	2,415	0	0	0	0	0	0	0	1,728	689
U SELF PAY	918,598	88,505	91,473	101,778	115,220	98,590	70,177	135,374	83,153	120,415
W WORKERS COMPNO FAULT	659,112	127,308	74,946	48,150	44,725	21,485	27,383	55,350	92,465	167,285
TOTAL	10,579,868	3,235,244	1,600,168	1,068,614	576,055	709,609	382,630	980,154	856,135	1,055,039

Total Outpatient A/R at gross
Less: O/P A/R net of estimated allowances

913,898,121
10,579,868

3,409,453 (SHOULD EQUAL E142)

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CL 013544.D

ALLEGHENY UNIV. HOSPITALS, BUCKS COUNTY
OUTPATIENT BAD DEBT RESERVE CALCULATION
(Bad Debt Calculations—New Methodology)
JUNE 30, 1997

CLASS	TOTAL	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
A MEDICAID	53,592	1,339	1,374	1,005	269	683	1,181	35,866	6,318	5,760
B BLUE CROSS	76,745	4,194	1,332	688	2,079	2,785	1,212	9,829	15,402	38,827
C COMMERCIAL	181,543	7,842	5,137	2,443	4,375	3,169	2,105	13,891	41,750	111,101
D DIRECT CONTRACTING	13,084	88	12	89	37	14	74	812	5,118	6,830
F CHARITY CARE	0	0	0	0	0	0	0	0	0	0
H HMO	638,822	86,662	41,415	23,621	3,893	8,880	10,550	61,214	177,597	222,889
H30 - BC	256	0	0	0	0	55	281	0	0	0
H39-42 - KHP	523,869	14,706	10,889	10,387	17,099	32,974	5,103	40,521	232,194	160,015
I PATIENT CONTRACTS	8,741	383	282	88	428	209	348	1,038	2,445	3,556
M MEDICARE	60,777	13,725	3,980	823	1,398	1,155	1,648	13,901	13,297	10,812
N MANAGED MA	132,181	4,697	3,555	2,062	5,653	2,839	1,882	11,433	33,510	66,591
P PPO-PREFERRED PROVIDER	33,284	7,533	1,006	2,018	2,980	(3,193)	(871)	10,905	(2,062)	14,270
P33-45 - BC	238,878	8,563	3,037	2,516	3,477	9,553	5,073	27,310	66,162	119,218
PS1 - KHP	1,884	0	0	0	0	0	0	0	0	0
U SELF PAY	631,769	48,253	45,736	50,889	57,910	48,250	35,069	135,374	83,153	128,415
W WORKERS COMP/NO FAULT	272,363	8,365	3,747	2,407	4,472	2,149	2,736	13,559	69,348	107,285
REQUIRED RESERVE	2,876,706	200,080	121,472	98,231	403,694	108,561	68,334	375,916	735,468	1,055,039

NOTE: C&L notes that there are the revised bad debt reserve percentages developed by Dan Casadini and Robin Schaefer during FY97.

ALLEGHENY UNIV. HOSPITALS, BUCKS COUNTY
INPATIENT BAD DEBT RESERVE PERCENTAGES (REVISED)

CLASS	INHOUSE & DNF	0-30/ FINAL BILLS	31-60	61-90	91-120	121-150	151-180	181-270	271-365	366+
A. MEDICAID	0%	5%	5%	5%	10%	10%	10%	100%	100%	100%
B. BLUE CROSS	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
C. COMMERCIAL	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
D. DIRECT CONTRACTING	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
F. CHARITY CARE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
H. HMO	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
I. PATIENT CONTRACTS	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
M. MEDICARE	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
N. MANAGED MA	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
P. PPO-PREFERRED PROVIDER	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
U. SELF PAY	50%	50%	50%	50%	50%	50%	50%	100%	100%	100%
W. WORKERS COMP/NO FAULT	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%

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CL 013544.G

ALLEGHENY UNIV. HOSPITALS, BUCKS COUNTY OUTPATIENT BAD DEBT RESERVE PERCENTAGES (REVISED)									
CLASS	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
A MEDICAID	5%	5%	5%	10%	10%	10%	100%	100%	100%
B BLUE CROSS	5%	5%	5%	10%	10%	10%	25%	75%	100%
C COMMERCIAL	5%	5%	5%	10%	10%	10%	25%	75%	100%
D DIRECT CONTRACTING	5%	5%	5%	10%	10%	10%	25%	75%	100%
F CHARITY CARE	100%	100%	100%	100%	100%	100%	100%	100%	100%
H HMO	5%	5%	5%	10%	10%	10%	25%	75%	100%
I PATIENT CONTRACTS	5%	5%	5%	10%	10%	10%	25%	75%	100%
M MEDICARE	5%	5%	5%	10%	10%	10%	25%	75%	100%
N MANAGED NA	5%	5%	5%	10%	10%	10%	25%	75%	100%
P PPO-PREFERRED PROVIDER	5%	5%	5%	10%	10%	10%	25%	75%	100%
U SELF PAY	50%	50%	50%	50%	50%	50%	100%	100%	100%
W WORKERS COMP/NO FAULT	5%	5%	5%	10%	10%	10%	25%	75%	100%

ALLEGHENY UNIV. HOSPITALS, RUCKS COUNTY
 PERCENTAGES APPLIED TO DETERMINE OUTPATIENT NET AIR
 [FOR CONTRACTUAL ALLOWANCES NOT TAKEN AT TIME OF BILLING]

FINANCIAL CLASS	% AVERAGE REIMBURSEMENT	COMMENTS
A	15.00%	commercial AIR valued at 100% when billed; actual experience has been an 78% collection average.
B	48.00%	
C	68.00%	
D	40.00%	
F	0.00%	
H (excl. H30, H39, H42)	100.00%	
H30 - BC	48.00%	
H39, 42 - KHP	45.00%	
I	100.00%	
M	33.00%	
N	100.00%	
P (excl. P33-45, P61)	100.00%	
P33-45 - BC	48.00%	
P61 - KHP	45.00%	
U	100.00%	
W	68.00%	

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CL 013544.J

ALLEGHENY UNIV. HOSPITALS, BUCKS COUNTY
INPATIENT ACCOUNTS RECEIVABLE - NET OF BAD DEBT RESERVES
(Bad Debt Calculations---New Methodology)
JUNE 30, 1987

CLASS	TOTAL	INHOUSE & UNITS (NET)	FINAL BILLED	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
A MEDICAD	514,980	61,800	0	111,137	181,265	47,971	40,109	42,570	30,216	0	0	0
B BLUE CROSS	160,352	10,422	0	17,020	15,580	25,146	10,112	3,584	17,798	19,306	1,005	0
C COMMERCIAL	251,810	14,547	0	115,965	28,164	10,553	31,559	20,181	3,562	3,080	0	7,141
D DIRECT CONTRACTING	52,547	0	0	20,353	0	8,128	3,168	592	0	16,614	2,892	0
F CHARITY CARE	0	0	0	0	0	0	0	0	0	0	0	0
H HMO	1,647,842	81,392	0	788,023	420,205	118,907	39,047	101,659	97,750	(16,411)	16,660	0
I PATIENT CONTRACTS	0	0	0	0	0	0	0	482	8,435	682	0	0
N MEDICARE	1,350,058	253,314	0	781,630	98,612	40,632	27,374	43,882	10,280	77,982	7,242	0
N MANAGED MA	377,607	38,808	0	102,758	70,774	10,638	18,324	18,776	14,159	32,416	1,957	0
P PPO-REFERRED PROVIDER	428,157	0	0	141,041	91,400	37,325	25,468	6,025	39,638	18,075	8,784	0
U SELF PAY	412,661	4,747	0	128,681	87,486	20,686	88,352	48,866	27,750	0	0	0
W WORKERS COMPNO FAULT	80,043	0	0	44,228	16,302	20,668	9,881	0	4,806	(833)	679	0
NET INPATIENT A/R	5,324,086	531,431	0	2,314,435	1,010,821	401,593	304,504	283,046	254,434	153,487	45,187	7,141

ALLEGHENY UNIV. HOSPITALS, BUCKS COUNTY
 OUTPATIENT ACCOUNTS RECEIVABLE - NET OF BAD DEBT RESERVES
 (Bad Debt Calculations--New Methodology)
 JUNE 30, 1997

CLASS	TOTAL	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
A. MEDICAID	88,791	25,415	26,108	18,068	2,398	6,143	10,629	0	0	0
B. BLUE CROSS	213,371	79,889	25,312	18,780	18,703	25,068	10,906	29,778	5,134	0
C. COMMERCIAL	431,077	145,192	87,690	46,423	38,379	27,978	18,946	41,844	13,817	0
D. DIRECT CONTRACTING	9,217	1,880	234	1,826	337	138	688	2,435	1,708	0
F. CHARITY CARE	0	0	0	0	0	0	0	0	0	0
H. HMO	3,335,914	1,646,365	785,891	448,760	35,037	78,921	84,850	183,541	59,189	0
H30 - BC	2,501	0	0	0	0	493	1,808	0	0	0
H39-42 - KHP	1,378,224	278,420	207,074	197,540	153,533	288,784	45,831	121,584	77,368	0
I. PATIENT CONTRACTS	28,454	7,482	4,972	1,248	3,937	1,978	3,134	3,108	815	0
M. MEDICARE	437,121	260,774	75,244	17,532	12,203	10,385	14,838	41,704	4,432	0
N. MANAGED CARE	333,894	87,159	67,537	38,179	50,965	28,447	16,840	34,288	11,170	0
P. PPO-PREFERRED PROVIDER	222,835	143,118	19,108	38,340	28,818	(28,734)	(7,841)	33,718	(887)	0
P33-45 - BC	549,855	182,287	57,702	43,897	31,291	95,889	45,666	61,929	20,034	0
P61 - KHP	432	0	0	0	0	0	0	0	432	0
U. SELF-PAY	286,827	48,253	45,738	50,889	57,610	48,259	35,089	0	0	0
W. WORKERS COMP/NO FAULT	386,749	120,841	71,189	45,742	40,252	19,337	24,845	41,517	23,116	0
NET OUTPATIENT A/R	7,702,860	3,028,154	1,484,716	869,263	472,381	600,049	316,280	614,335	216,688	0

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ALLEGHENY UNIVERSITY HOSPITALS
BUCKS COUNTY-INPATIENT
SUMMARY OF RESERVES FOR BAD DEBT
#1204100-95000212
8/30/97

MONTH	BEGINNING BALANCE	WRT OFFS	RECOVERIES	OTHER	INACTIVATED A/R	SUBCJ ADJUSTMENTS	BAD DEBT PROVISION	ENDING BALANCE	A/R BALANCE	RESERVE %	CALCULATED RESERVE AMT	VARIATION UNDER
JULY	(2,945,570)	465,007	(888)					(2,945,570)	11,304,649	28.1%		
AUGUST	(2,813,909)	138,918	(5,554)					(2,680,545)	11,077,489	23.5%		
SEPTEMBER	(2,680,545)	209,887	(47,194) (e)			(13,344)	(122,478)	(2,500,652)	11,526,346	22.4%		
OCTOBER	(2,500,652)	176,932	(12,476)			(13,404)	(109,925)	(2,426,120)	11,046,345	22.8%		
NOVEMBER	(2,426,120)	107,121	2,888			(817)	(109,925)	(2,325,924)	11,916,811	21.5%		
DECEMBER	(2,325,924)	48,773	(4,290)	(9,894) (b)		(10,362)	(109,925)	(2,486,878)	12,013,458	21.5%		
JANUARY	(2,486,878)	169,209	(2,706)	11,854 (c)		254	(109,925)	(2,327,221)	11,878,288	22.3%		
FEBRUARY	(2,327,221)	135,818	(2,808)	(11,572) (d)		(23,113)	(109,925)	(2,504,134)	12,546,593	20.8%		
MARCH	(2,504,134)	185,770	(8,150)	1,895,384 (f)			(109,925)	(841,055)	7,555,836	11.1%		
APRIL	(841,055)	201,026	(4,587)	(3,898,093) (g)			(109,925)	(4,782,614)	6,911,860	68.8%		
MAY	(4,782,614)	178,845	(2,024)	(13,033) (h)			(109,925)	(4,988,790)	6,938,820	70.8%		
JUNE	(4,988,790)	154,971	(4,280)	2,944,641 (i)	(2,701)	(8,289)	203,677	(1,408,742)	6,188,651	22.7%	(1,408,742)	(2)
TOTAL	(2,945,570)	2,163,271	(82,238)	818,580	(2,701)	(87,175)	(1,033,920)	(1,408,742)	1,532			

COMPARATIVE DATA:

FYE 8/30/98 BAL:

(a) Includes \$37,655 of unidentified cash relating to FY88 & prior.

(b) Non patient cash - JE 11025.

(c) IP allow for uncollectible - JE 12017.

(d) Includes (\$12,000) contractual reav reclass; \$428.50 IP allow for uncollectible - JE 01028.

(e) IP allow for uncollectible - JE 02004.

(f) Includes \$4,702,085 write off of Patcom A/R balances; (\$3,000,000) transfer from Graduate; (\$8712) non patient cash - JE 03016.

(g) Includes (\$4,000,000) transfer from Graduate; (\$10) IP allow for uncollectible - JE 04004; \$1816.64 IP allow for uncollectible - JE 04004.

(h) IP allow for uncollectible - JE 05001.

(i) Includes (\$59,000) shortfall adjustment; \$3,000,000 bad debt reserve reclass; (\$4356) bad debt recovery - JE 06004.

NOTE:

C&L notes that AHERF is recording the bad debt allowance according to the new methodology developed in FY97 by Dan Cangelmi and Robin Schafer. At 3/31/97, AHERF was still using the old methodology to record the allowance.

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CL 013544.L

ALLEGHENY UNIVERSITY HOSPITALS
BUCKS COUNTY-OUTPATIENT
SUMMARY OF RESERVES FOR BAD DEBT
#1204200-95000212
6/30/97

MONTH	BEGINNING BALANCE	WRITE OFFS	RECOVERIES	OTHER	RECALCULATED A/R	SMALL ADJUSTMENTS	BAD DEBT PROVISION	ENDING BALANCE	A/R BALANCE	RESERVE %	CALCULATED RESERVE	VARIATION OVER/UNDER
JULY	(880,141)	81,327	(10,480)				(212,952)	(880,141)	9,503,502	0.3%		
AUGUST	(1,022,250)	99,013	(6,800)				(241,033)	(1,022,250)	10,088,189	10.2%		
SEPTEMBER	(1,174,075)	90,870	(13,375)	211,880 (e)			(80,369)	(1,174,075)	10,578,719	10.5%		
OCTOBER	(1,042,169)	116,531	(6,536)				(160,369)	(1,042,169)	11,100,461	9.4%		
NOVEMBER	(1,082,543)	87,951	(7,777)	(3) (b)			(160,369)	(1,082,543)	11,595,132	9.4%		
DECEMBER	(1,172,741)	11,734	(9,215)				(160,369)	(1,172,741)	11,722,571	10.0%		
JANUARY	(1,330,591)	153,958	(7,878)	199,889 (c)			(160,369)	(1,330,591)	12,168,738	10.9%		
FEBRUARY	(1,145,081)	82,081	(8,528)	1,816 (d)			(160,369)	(1,145,081)	12,488,185	9.2%		
MARCH	(1,250,276)	126,814	(12,213)	3,111,927 (e)			(160,369)	(1,250,276)	12,994,730	9.0%		
APRIL	1,814,210	87,721	(10,630)	(4,024) (f)			(160,369)	1,814,210	9,880,652	-18.4%		
MAY	1,726,908	95,394	(4,578)	(3,056) (g)			(160,369)	1,726,908	10,166,824	-17.0%		
JUNE	1,654,288	188,138	(11,594)	(4,508,891) (h)	(16,882)	(1,008)	(160,762)	1,654,288	9,854,437	-16.6%		
TOTAL	(880,141)	1,181,333	(109,713)	(880,551)	(16,882)	(1,008)	(2,086,738)	(2,876,708)	10,133,433	28.4%	(2,876,708)	0

COMPARATIVE DATA:

PYE 6/30/98 BAL:

(a) Includes \$212,000 revenue adjustment; (\$70) bad debt recovery - JE 08027.

(b) Non patient cash - JE 11028.

(c) Includes \$200,000 contractual reserve release; (\$100,80) bad debt recovery - JE 01028.

(d) Includes \$1874 bad debt expense release; (\$55) OP allowance for uncollectible - JE 02004.

(e) Includes (\$4,388,872) write off of Patient A/R Reserve; \$7,481,599 write off of Patient A/R balances; (\$789) non patient cash - JE 03016.

(f) OP allow for uncollectible - JE 04004.

(g) OP allow for uncollectible - JE 05001.

(h) Includes (\$1,500,000) shortfall adjustment; (\$3,008,000) bad debt reserve release; (\$891) bad debt recovery - JE 06004.

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CL 013544.M

EXHIBIT 0290

ALLEGHENY UNIV. HOSPITALS, ELKINS PARK
ACCOUNTS RECEIVABLE AGING - INPATIENT
Based on Adjustments-New Methodology
JUNE 30, 1997

CLASS	TOTAL	AGED FROM FINAL BILL DATE										365+
		IN & DNPB (NET)	REVISED FINAL BILLED	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	
A. MEDICAID	530,381	20,758		55,861	73,558	14,317	33,121	23,560	32,203	76,217	48,696	162,130
B. BLUE CROSS	480,176	57,493		130,592	29,573	47,844	24,356	39,452	24,040	70,340	1,851	34,458
C. COMMERCIAL	438,682	54,318		81,189	117,237	100,648	16,917	65,605	11,180	3,097	5,688	2,171
D. DIRECT CONTRACTING	9,833	0		0	4,468	0	0	(2,239)	955	0	(43)	(202)
F. CHARITY CARE	5,113	0		0	0	0	0	0	0	5,113	0	0
H. HMO (USHC/NHPE)	2,085,349	144,050		953,009	468,743	131,037	42,762	71,593	48,807	50,315	85,873	89,370
I. PATIENT CONTRACTS	41,764	0		0	0	0	0	789	616	1,109	8,748	32,502
M. MEDICARE	1,837,893	380,400		937,974	65,387	50,621	7,975	12,011	92,288	111,530	88,593	71,928
N. MANAGED CARE	587,507	87,210		174,251	108,085	70,599	19,071	28,188	6,722	27,290	27,842	41,580
P. PPO-PREFERRED PROVIDER	1,038,431	74,704		291,895	150,464	101,420	73,827	63,753	62,524	86,696	95,127	89,232
U. SELF PAY	838,844	20,797		147,521	128,898	158,813	89,738	85,828	20,464	86,394	11,850	55,552
W. WORKERS COMP/NO FAULT	287,257	5,878		65,389	84,817	83,230	33,093	0	11,064	19,695	0	(15,865)
TOTAL	8,162,212	945,687	0	2,816,547	1,261,029	759,818	357,803	380,532	319,840	551,576	342,085	532,274
	845,687											
	7,316,515											

Agrees to the A/R aging without exception.
(NOTE: For those A/R, Inhouse & DNPB total should not be included to agree to the aging.)

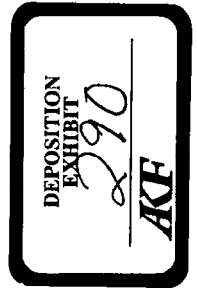
Additional Reserve on Billed Commercial

Total gross billed commercial
Estimated contractuals at payment
Additional reserve required

384,343
20,000% B
76,888

X

B Based upon historical data from Patient Accounting.



CL 013556.A

ALLEGHENY UNIV. HOSPITALS, ELKINS PARK
INPATIENT BAD DEBT RESERVE CALCULATION
(Bad Debt Calculations--New Methodology)
JUNE 30, 1997

CLASS	TOTAL	INHOUSE & DNFB (NET)	FINAL BILLED	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
A MEDICAID	293,088	0	0	2,753	3,978	716	3,312	2,355	3,220	78,217	48,666	152,130
B BLUE CROSS	72,893	0	0	6,529	1,478	2,397	2,436	3,045	2,404	17,585	1,463	34,459
C COMMERCIAL**	24,549	0	0	2,448	4,689	4,026	1,353	5,248	885	739	3,413	1,737
D DIRECT CONTRACTING	469	0	0	0	223	0	695	(224)	0	0	0	(262)
F CHARITY CARE	5,113	0	0	0	0	0	0	0	0	5,113	0	0
H HMO	260,159	0	0	47,650	23,437	6,552	4,278	7,198	4,881	12,579	64,255	89,370
I PATIENT CONTRACTS	37,981	0	0	0	0	0	0	79	62	277	5,001	32,502
M MEDICARE	231,043	0	0	48,654	4,269	2,541	788	1,201	9,227	27,893	66,445	71,826
N MANAGED MA	91,709	0	0	8,713	5,404	3,529	1,807	2,019	572	6,833	20,882	41,260
P PPO-PREFERRED PROVIDER	186,639	0	0	14,585	7,523	5,071	7,393	6,375	6,252	21,071	48,945	69,232
U SELF PAY	502,815	10,389	0	73,760	64,449	78,806	48,669	42,314	14,732	89,394	11,650	55,552
W WORKERS COMP/NO FAULT	5,093	0	0	3,268	4,231	4,161	3,308	0	1,105	4,974	0	(15,865)
REQUIRED RESERVE	1,711,699	10,389	0	206,600	119,393	106,600	75,337	71,672	43,446	273,245	270,847	531,840

***Commercial reserve is calculated based on gross A/R (less estimated contractual percentage [see gross A/R schedule].)

REVISED

ALLEGHENY UNIV. HOSPITALS - ELKINS PARK
 OUTPATIENT AIR AGING - RECEIVABLES AT GROSS
 (Bad Debt Calculations—New Methodology)
 JUNE 30, 1997

AGED FROM LAST PAY DATE

CLASS	TOTAL	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	366+
A MEDICAID	568,059	76,381	3,582	10,828	42,744	23,189	6,085	38,849	132,687	230,717
B BLUE CROSS	708,082	254,618	89,550	48,373	56,745	47,285	26,184	78,671	43,083	86,013
C COMMERCIAL	847,071	176,581	184,655	127,595	55,559	68,692	31,495	186,163	84,884	131,346
D DIRECT CONTRACTING	237,591	80,785	36,509	37,218	12,844	3,119	15,914	14,827	15,537	20,809
F CHARITY CARE	5,589	948	806	717	1,170	762	1,018	68	0	0
H HMO	3,195,385	1,176,223	606,208	198,322	192,592	148,635	68,943	192,387	202,508	380,085
H30 - BC	837	0	0	0	0	23	0	0	0	674
H38-42 - KHP	3,048,782	518,347	468,617	471,288	313,304	288,151	31,925	78,426	376,249	503,503
I PATIENT CONTRACTS	45,178	3,501	5,553	3,980	1,891	332	11,588	1,887	8,011	6,802
M MEDICARE	2,284,140	1,188,493	271,182	80,378	72,834	84,403	87,828	270,935	112,865	85,314
N MANAGED MA	808,545	151,422	91,337	81,023	79,844	48,109	44,833	63,684	84,427	133,287
P PPO-PREFERRED PROVIDER	413,487	228,816	22,885	8,537	63,741	15,882	(34,920)	89,807	12,283	4,463
P33-45 - BC	1,857,880	603,983	246,012	195,292	84,472	113,885	100,169	228,808	204,368	182,573
P51 - KHP	24,659	0	315	1,976	0	0	0	0	0	13,530
U SELF PAY	738,101	104,435	132,435	65,270	72,751	53,827	38,143	70,759	71,771	108,911
W WORKERS COMPING FAULT	558,352	113,127	70,421	65,306	32,021	25,070	35,115	41,173	60,069	122,150
TOTAL	15,538,435	4,680,781	2,215,386	1,423,392	1,042,911	931,755	468,438	1,274,435	1,483,271	2,020,155

NOTE:

AMERF is contractualizing the payors that are not

ALLEGHENY UNIV. HOSPITALS, ELKINS PARK
 OUTPATIENT
 AS OF 9/31/87
 (Bad Debt Calculations—New Methodology)

CLASS	A/R	A/R NET OF ALLOWANCES	ALLOWANCE
A MEDICAID (1)	568,059	255,524	312,536
B BLUE CROSS (2)	706,092	471,621	234,481
C COMMERCIAL	847,071	596,655	350,416
D DIRECT CONTRACTING	237,561	95,024	142,538
F CHARITY CARE	5,568	0	5,568
H HMO	3,185,395	3,185,395	0
H30 - BC	697	697	0
H39A2 - KHP	3,048,762	1,915,007	1,133,754
I PATIENT CONTRACTS	45,176	45,176	0
M MEDICARE *	2,294,140	628,713	1,665,428
N MANAGED MA	608,545	608,545	0
P PPO-PREFERRED PROVIDER (2)	413,497	413,497	0
P33-46 - BC	1,957,660	1,370,218	587,444
P51 - KHP	24,669	23,075	1,594
U SELF PAY	738,101	738,101	0
W WORKERS COMP/NO FAULT	559,392	352,417	206,975
	15,539,435	10,897,854	4,641,581

* Rate change effective 4/28/88 - 22%.

* Rate change effective 4/18/87 - 30%.

Note: For Oct. 1988, need to consider unbilled portion of revenue when adjusting for system allowances.

(1) A02.03.04.05.06.07.08 & 09 will be netted down 30% at the time of billing 8/8/88. A01, A50 (SPJ exception) will be netted down to MA fee schedule at the time of billing 10/1/88 (A01 plan code is approx. equal to 80% of total "A" fee; therefore, it will be adjusted in 10/88).

(2) Effective 3/1/87, Blue Cross & KHP's a/r will not be contractualized at time of billing. The Blue Cross reserve rate will be 52%, and the KHP's reserve rate will be 64%.

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ALLEGHENY UNIV. HOSPITALS, ELKINS PARK
OUTPATIENT BAD DEBT RESERVE CALCULATION
(Bad Debt Calculations—New Methodology)
JUNE 30, 1997

CLASS	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
TOTAL	102,569	130,919	18,072	18,658	761,167	874,431	13,863	17,827	53,528
A MEDICAID	3,818	179	541	4,274	2,318	2,016	39,849	18,578	32,300
B BLUE CROSS	8,116	2,159	1,185	2,724	4,727	2,016	18,088	32,312	66,013
C COMMERCIAL	5,562	5,186	4,018	3,500	4,328	1,084	16,721	40,013	82,748
D DIRECT CONTRACTING	1,616	730	744	514	125	633	1,483	4,691	8,323
F CHARITY CARE	0	0	0	0	0	0	0	0	0
H HMO	58,811	30,310	8,849	15,259	14,864	6,884	48,347	186,831	380,695
HMO - BC	0	0	0	0	2	0	0	0	674
H38-42 - KHP	9,330	8,435	8,483	11,278	28,915	3,183	18,108	282,137	503,503
I PATIENT CONTRACTS	175	478	185	189	33	1,159	424	4,598	6,802
M MEDICARE	17,827	4,088	1,356	1,605	2,077	2,152	14,901	16,595	20,869
N MANAGED MA	7,571	4,592	4,051	7,894	4,811	4,483	16,810	70,620	153,387
P PPO-PREFERRED PROVIDER	11,491	1,134	477	6,374	1,568	(3,482)	22,477	8,214	4,483
P31-45 - BC	14,465	5,804	4,887	4,055	11,370	10,020	56,727	153,428	182,373
P31 - KHP	20,591	9	38	38,375	0	19,071	70,789	71,711	15,530
U SELF PAY	52,218	66,217	42,835	38,217	1,579	2,212	6,485	7,711	106,811
W WORKERS COMP/NO FAULT	3,553	2,218	1,900	2,017	1,579	2,212	6,485	20,354	76,854
REQUIRED RESERVE	192,893	131,931	80,244	98,170	103,530	50,755	332,863	938,315	1,841,116

NOTE: CXL notes that these are the revised bad debt reserve percentages developed by Dan Cincotti and Robin Schuler during FY97.

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ALLEGHENY UNIV. HOSPITALS, ELKING PARK
INPATIENT BAD DEBT RESERVE PERCENTAGES (REVISED)

CLASS	INHOUSE & DNR	0-30/ FINAL BILLS	31-60	61-90	91-120	121-150	151-180	181-270	271-385	386+
A MEDICAID	0%	5%	5%	5%	10%	10%	10%	100%	100%	100%
B BLUE CROSS	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
C COMMERCIAL	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
D DIRECT CONTRACTING	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
F CHARITY CARE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
H HMO	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
I PATIENT CONTRACTS	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
M MEDICARE	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
N MANAGED MA	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
P PPO-PREFERRED PROVIDER	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%
U SELF PAY	50%	50%	50%	50%	50%	50%	50%	100%	100%	100%
W WOMEN'S COMP/NO FAULT	0%	5%	5%	5%	10%	10%	10%	25%	75%	100%

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CL 013556.G

ALLEGHENY UNIV. HOSPITALS, ELKINS PARK
OUTPATIENT BAD DEBT RESERVE PERCENTAGES (REVISED)

CLASS	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-385	386+
A MEDICAID	5%	5%	5%	10%	10%	10%	100%	100%	100%
B BLUE CROSS	5%	5%	5%	10%	10%	10%	25%	75%	100%
C COMMERCIAL	5%	5%	5%	10%	10%	10%	25%	75%	100%
D DIRECT CONTRACTING	5%	5%	5%	10%	10%	10%	25%	75%	100%
F CHARITY CARE	100%	100%	100%	100%	100%	100%	100%	100%	100%
H HMO	5%	5%	5%	10%	10%	10%	25%	75%	100%
I PATIENT CONTRACTS	5%	5%	5%	10%	10%	10%	25%	75%	100%
M MEDICARE	5%	5%	5%	10%	10%	10%	25%	75%	100%
N MANAGED MA	5%	5%	5%	10%	10%	10%	25%	75%	100%
P PPO-PREFERRED PROVIDER	5%	5%	5%	10%	10%	10%	25%	75%	100%
U SELF PAY	50%	50%	50%	50%	50%	50%	100%	100%	100%
W WORKERS COMP/NO FAULT	5%	5%	5%	10%	10%	10%	25%	75%	100%

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CL 013556.H

ALLEGHENY UNIV. HOSPITALS, ELKINS PARK
 PERCENTAGES APPLIED TO DETERMINE OUTPATIENT NET AIR
 [FOR CONTRACTUAL ALLOWANCES NOT TAKEN AT TIME OF BILLING]

FINANCIAL CLASS	% AVERAGE REIMBURSEMENT	COMMENTS
A	14.00%	
B	48.00%	
C	63.00%	
D	40.00%	
F	0.00%	
H (excl. H30, H39, H42)	100.00%	
H30 (BC)	48.00%	
H39, H42 (KHP)	36.00%	
I	100.00%	
M	22.00%	
N	100.00%	
P (excl. P33-45, P51)	100.00%	
P33-45 (BC)	48.00%	
P51 (KHP)	36.00%	
U	100.00%	
W	63.00%	

commercial AIR valued at 100% when billed; actual experience has been an 80% collection average.

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CL 013556.I

ALLEGHENY UNIV. HOSPITALS, ELKINS PARK
 INPATIENT ACCOUNTS RECEIVABLE - NET OF BAD DEBT RESERVES
 (Bad Debt Calculations—New Methodology)
 JUNE 30, 1987

CLASS	TOTAL	INHOUSE & DNPB (NET)	FINAL BILLED	0-30	31-60	61-80	81-120	121-150	151-180	181-270	271-365	366+
A MEDICAID	237,303	20,758	0	53,067	69,880	13,601	28,808	21,204	28,983	0	0	0
B BLUE CROSS	387,480	57,480	0	124,053	28,084	45,647	21,821	35,507	21,638	52,755	488	0
C COMMERCIAL	414,113	54,318	0	58,742	112,548	86,623	19,563	60,357	10,205	2,888	2,275	434
D DIRECT CONTRACTING	9,337	0	0	0	4,245	0	8,258	(2,014)	860	0	(11)	0
F CHARITY CARE	0	0	0	0	0	0	0	0	0	0	0	0
H HMO	1,825,191	144,050	0	805,358	445,306	124,485	38,485	64,425	43,827	37,738	21,418	0
I PATIENT CONTRACTS	3,783	0	0	0	0	0	0	710	554	832	1,887	0
M MEDICARE	380,400	0	0	880,220	81,118	48,280	7,178	10,810	83,039	83,048	22,149	0
N MANAGED MA	485,788	87,210	0	165,538	102,881	67,059	17,184	23,588	5,150	20,488	6,881	0
P PPO-PREFERRED PROVIDER	852,483	74,704	0	277,110	142,841	98,349	68,444	57,378	86,271	65,014	16,282	0
U SELF PAY	338,020	10,388	0	73,760	64,449	78,808	48,889	42,814	14,732	0	0	0
W WORKERS COMP/NO FAULT	282,174	5,978	0	62,087	80,386	78,068	28,774	0	9,948	14,921	0	0
NET INPATIENT A/R	6,450,543	935,288	0	2,008,947	1,131,648	650,819	282,486	314,859	275,384	278,331	71,248	434

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ALLEGHENY UNIV. HOSPITALS, ELKINS PARK
 OUTPATIENT ACCOUNTS RECEIVABLE - NET OF BAD DEBT RESERVES
 (Bad Debt Calculation—New Methodology)
 JUNE 30, 1987

CLASS	TOTAL	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
A MEDICAID	152,955	74,443	3,403	10,285	39,470	20,870	5,485	0	0	0
B BLUE CROSS	334,702	116,197	41,017	22,514	24,514	42,539	18,147	59,003	10,771	0
C COMMERCIAL	432,593	185,684	88,728	76,386	31,502	38,948	17,858	50,162	13,338	0
D DIRECT CONTRACTING	76,166	30,688	13,873	14,143	4,624	1,123	5,693	4,448	1,564	0
F CHARITY CARE	0	0	0	0	0	0	0	0	0	0
H HMO	2,424,218	1,117,414	575,888	189,876	137,332	133,772	60,158	145,041	69,627	0
HMO - BC	21	0	0	0	0	21	0	0	0	0
H8842 - KHP	1,040,576	177,275	160,267	161,174	101,511	260,236	28,733	57,319	84,062	0
I PATIENT CONTRACTS	31,213	3,328	9,085	3,506	1,792	239	10,430	1,273	1,503	0
M MEDICARE	645,164	338,712	77,280	25,788	14,441	18,892	18,368	44,704	6,189	0
N MANAGED MA	535,019	143,950	87,245	78,972	71,950	43,288	40,360	47,748	23,607	0
P PPO-PREFERRED PROVIDER	359,781	218,328	21,551	8,060	57,367	14,114	(31,190)	67,430	3,071	0
P33-48 - BC	828,691	275,407	112,181	68,053	36,482	102,326	90,176	170,182	51,142	0
P81 - KHP	2,514	0	178	678	0	0	0	0	1,562	0
U SELF PAY	243,330	52,218	68,217	42,635	38,375	26,814	19,071	0	0	0
W WORKERS COMPING FAULT	227,133	67,708	42,147	35,053	18,156	14,215	19,810	18,484	9,451	0
NET OUTPATIENT A/R	7,332,316	2,721,256	1,309,876	757,210	574,524	717,285	394,228	688,784	281,986	0

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ALLEGHENY UNIVERSITY HOSPITALS
ELKINS PARK - INPATIENT
SUMMARY OF RESERVES FOR BAD DEBT
#1204100-9500211
8/3/07

MONTH	REVENUE BALANCE	WRITE-OFFS	RECOVERIES	OTHER	REACTIVATED AR	SUBS ADJUSTMENTS	BAD DEBT PROVISION	ENDING BALANCE	ADJ BALANCE	RESERVE %	CALCULATED RESERVE AMT	VAR (OVER/ UNDER)
COMPARATIVE DATA:												
FY8 6/30/98 BAL:												
JULY	(2,074,482)	348,407	(600)				(116,620)	(2,074,482)	11,530,304	23.2%		
AUGUST	(2,445,475)	61,450	(3,085)				(128,378)	(2,445,475)	11,775,238	20.8%		
SEPTEMBER	(2,513,488)	38,384	(55,187) (a)				(112,438)	(2,513,488)	11,688,116	21.5%		
OCTOBER	(2,508,728)	184,121	(3,424)	133,000 (b)			(112,438)	(2,508,728)	11,132,400	22.5%		
NOVEMBER	(2,434,488)	62,828	(3,900)				(112,438)	(2,434,488)	11,394,724	21.4%		
DECEMBER	(2,486,093)	28,011	(4,485)	2,888 (c)		(11,018)	(112,438)	(2,486,093)	11,253,338	22.2%		
JANUARY	(2,592,914)	68,691	(5,721)	(50) (d)		(5,680)	(112,438)	(2,592,914)	12,687,458	20.5%		
FEBRUARY	(2,336,629)	64,668	(5,830)	328,633 (e)		(25,783)	(112,438)	(2,336,629)	13,428,834	17.4%		
MARCH	(2,396,977)	101,239	(5,022)	(4,468) (f)			(112,438)	(2,396,977)	12,272,857	17.9%		
APRIL	(5,415,876)	270,313	(29,682)	(3,061,857) (g)			(112,438)	(5,415,876)	12,982,373	81.3%		
MAY	(10,281,880)	112,744	(8,745)	(5,003,600) (h)			(112,438)	(10,281,880)	11,654,385	88.1%		
JUNE	(10,280,483)	118,366	(2,831)	(165) (i)			(112,438)	(10,280,483)	7,318,515	23.4%		
TOTAL	(2,074,482)	1,483,203	(127,594)	1,022,660	(8,749)	44,522	(135,788)	(1,711,870)	(1,711,870) (1)			

(a) Includes \$48,736 of unidentified cash relating to FY98 & prior.

(b) Includes \$133,000 revenue adjustment.

(c) Non-patient cash - JE 11034.

(d) Bad debt recovery - JE 42013.

(e) Includes \$311,000 contractual reserve reduce; \$18,633 gross revenue adjustment.

(f) GPR reduce YTD.

(g) Includes (\$3,000,000) transfer from Graduate; (\$1,857) bad debt recovery - JE 03018.

(h) Includes (\$5,000,000) transfer from Graduate; (\$3,960) IP allow for uncollectible accts - JE 04008.

(i) Recoveries - JE 05003.

(j) Includes \$4,181,089 write off of Paccom A/R Balance; \$4,111,000 + (\$24,000) charitable adjustment.

NOTE:
C&L notes that AHERF is recording the
bad debt allowance according to the
new methodology developed in FY97
by Dan Cancelli and Robin Schaler.
At 3/31/97, AHERF was still using the
old methodology to record the allowance.

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ALLSOUTH UNIVERSITY HOSPITALS
ELIJAH PARK-OUTPATIENT
SUMMARY OF RESERVES FOR BAD DEBT
#1204200-0500211
07/07

MONTH	REVENUE BALANCE	WRITE-OFFS	RECOVERIES	OTHER	RECALCULATED A/R	NET ADJUSTMENTS	ADJUSTED PROVISION	ENDING BALANCE	A/R BALANCE	RESERVE L	CALCULATED RESERVE AMT	A/R (OVER) UNDER
COMPARATIVE DATA:												
FYE 03/08 BAL:												
JULY	(1,522,187)	71,223	(8,507)				(168,318)	(1,522,187)	13,448,418	11.3%		
AUGUST	(1,035,071)	89,144	(5,918)			(8,282)	(182,779)	(1,835,071)	13,883,845	11.7%		
SEPTEMBER	(1,734,619)	83,085	(7,719)				(118,728)	(1,734,619)	15,171,137	11.4%		
OCTOBER	(1,778,073)	85,653	(5,977)	(100)(a)			(118,728)	(1,778,073)	14,884,488	12.0%		
NOVEMBER	(1,817,356)	85,821	(11,735)	(210)(b)			(118,728)	(1,817,356)	15,240,010	11.9%		
DECEMBER	(1,852,288)	13,232	(8,638)	(389)(c)			(118,728)	(1,852,288)	15,594,805	11.9%		
JANUARY	(1,888,388)	110,485	(4,083)	(21,888)(d)			(118,728)	(1,888,388)	15,705,213	12.6%		
FEBRUARY	(1,288,640)	77,238	(7,328)	761,088 (e)			(118,728)	(1,288,640)	15,884,188	7.8%		
MARCH	(1,287,754)	134,825	(18,387)	(303)(f)			(118,728)	(1,287,754)	16,020,558	8.0%		
APRIL	(1,288,175)	121,525	(12,577)	(130)(g)			(118,728)	(1,288,175)	16,141,241	8.0%		
MAY	(1,320,732)	112,071	(5,745)	(22,775)(h)			(118,728)	(1,320,732)	16,548,480	8.0%		
JUNE	(1,332,673)	170,881	(10,859)	462 (i)			(118,728)	(1,332,673)	16,738,450	8.5%		
TOTAL	(1,522,187)	1,172,883	(110,484)	(2,181,424)(j)	(12,707)	(77,877)	(150,277)	(3,565,337)	10,447,650	34.1%	(3,565,338)	1
				(1,465,741)	(12,707)	(88,250)	(1,540,891)	(3,565,337)	2,532			

- (a) Tabor & Rosen - JE 08020.
 (b) Uncollectible est - JE 10008.
 (c) Non patient cash - JE 11034.
 (d) Artrae - JE 12013.
 (e) \$761,000 contractual reserve release; \$98 write off old Artrae account - JE 01021.
 (f) Uncollectible Artrae - JE 02006.
 (g) OP allow for uncollectible accounts - JE 03019.
 (h) OP allow for uncollectible accounts - JE 04008.
 (i) PIR adjustments through the Patcom Interface.
 (j) Includes \$10,558,272 write off of Patcom A/R Balances; (\$2,700,000) shortfall adjustment; (\$5,658,688) write off of Patcom A/R Reserve.

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EXHIBIT 0291

B Based upon historical data from Patient Accounting.

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CL 013568.B

ALLEGHENY UNIVERSITY - HAHNEMANN
INPATIENT BAD DEBT RESERVE CALCULATION
(Bad Debt Calculations—New Methodology)
JUNE 30, 1997

CLASS	TOTAL	INHOUSE & DNFB (NET)	FINAL BILLED	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
3 MISC HMO	1,439,757	0	0	146,816	140,627	65,873	135,139	48,788	51,795	212,425	180,574	425,552
4 INDUSTRIAL HEALTH	735	0	0	0	0	0	0	0	0	0	0	735
A PHILA BC	1,511,653	0	0	69,103	51,261	61,518	65,270	43,785	50,526	102,657	331,120	717,313
B-BC-BANK & FEDERAL	17,668	0	0	0	1,127	0	80	(300)	0	322	(61)	16,095
C-HMO PANJ	1,155,771	0	0	109,486	52,783	50,521	21,391	55,191	10,080	175,453	356,168	323,166
D-DISCONTINUED	1,627	0	0	0	0	0	0	0	0	0	0	1,627
E COMMERCIAL ***	383,398	0	0	83,116	39,702	15,188	34,472	11,947	12,953	9,876	45,104	121,370
F MEDICARE	428,395	0	0	133,045	13,732	6,971	13,141	8,802	2,533	40,836	69,098	140,486
G-PA MED ASSISTANCE	888,698	0	0	32,268	18,306	18,304	11,039	19,247	4,324	221,804	171,326	494,078
H-PA MED ASSIST APPS	656,307	0	0	28,276	35,304	35,377	32,501	13,053	35,528	339,303	171,178	140,340
I-HEALTH PASS	223,844	0	0	10,270	4,768	8,305	5,716	13,378	2,168	51,080	51,491	78,437
K-NU MED ASSIST	297,895	0	0	1,966	4,348	480	1,180	1,568	2,144	23,251	172,543	81,982
L WORK COMP	76,216	0	0	19,321	9,641	6,461	6,060	1,568	3,037	13,442	11,813	13,963
M DISCONTINUED	18,089	0	0	0	0	0	0	0	0	1,287	92,097	152,365
N-MISC 3rd PARTIES	270,217	0	0	2,273	974	1,293	3,098	2,027	3,017	13,072	11,381	5,431
O-DISCONTINUED	6,176	0	0	95	547	0	(104)	0	0	0	0	0
P-HAHN BC FLEX	0	0	0	0	0	0	0	0	0	0	0	0
S SELF PAY	6,597,702	27,868	0	754,428	391,201	365,811	222,864	257,375	143,631	1,170,249	686,887	2,597,400
REQUIRED RESERVE	14,243,590	1	27,868	1,428,472	784,750	632,118	982,457	478,611	321,787	2,375,261	2,335,477	5,287,988

***Commercial reserve is calculated based on gross A/R less estimated contractual percentage [see gross A/R schedule.]